EXHIBIT A

effect of this drop-out. Neither Dr. Friedman, nor Dr. Vasquez, nor Credit Suisse can deny the possibility that if these missing claims had been present the rate of impaired claims found by Dr. Friedman might have doubled.

10.1.1.4. Conclusions about Friedman Report

Because the claims in Dr. Friedman's study were not selected to be representative of all OC claims, but rather were selected to concentrate on certain medical professionals and on claims from three Texas law firms, results of Dr. Friedman's study cannot be applied to all OC claimants. Assertions by Credit Suisse in its motion and Dr. Vasquez in his liability forecast that Dr. Friedman's conclusions apply to all OC claims are wrong and misrepresent the results of the study. Credit Suisse and Dr. Vasquez could not even properly assert that Dr. Friedman's conclusions about the 1,691 claims apply to the 22,578 claims from which they were drawn.

For all of these reasons, the results of Dr. Friedman's study can be meaningfully applied only to the 1,691 unrepresentative cases that he directly examined. These results do not show any great surprises about asbestos claims or litigation. They certainly do not demonstrate "widespread fraud that drove Owens Corning into bankruptcy" (Credit Suisse motion. p. 6). Dr. Friedman found that most of the 1,691 claimants for whom he had data did not provide medical reports showing impairment, but most of these 1,691 claimants did not allege impairment in the first place according to OC's claims database. In fact, Dr. Friedman agreed with claimants' assertions of impairment in 70 percent of cases: Of 1,671 where we could assess both the claimants allegation and Dr. Friedman's conclusion, in 279 cases Dr. Friedman agreed with an allegation of impairment and in 882 cases he agreed with with plaintiff's failure to allege impairment. Dr. Friedman found impairment among 40 percent of claimants who claimed to have impaired asbestosis or pleural disease and among 5 percent of claimants who did not claim impairment. The low rate of impairment among claimants not asserting impairment is appropriate and not surprising. The 40 percent rate of impairment that Dr. Friedman found for claimants asserting impairment is also not surprising, given that OC concentrated Dr. Friedman's review on those medical facilities of which it was highly suspicious. There is no reason to believe that these low rates would apply to other, more credible facilities.

Furthermore, rather than demonstrating a capricious system of asbestos litigation, Dr. Friedman's study highlights how that litigation responds to issues of integrity of medical information. First, OC's resolutions of claims is generally consistent with the conclusions that Dr. Friedman reached after extensive review of the 1,691 claims. Among the claimants that Dr. Friedman found to have no impairment, 74% have received $1,000 or less. Among those claimants that Dr. Friedman found to have impairment 82 percent received more than $5,000 in settlement. Second, both asbestos defendants and plaintiffs' law firms respond to the problems of integrity that Dr. Friedman found among certain medical facilities. As Credit Suisse observed, OC quit accepting medical reports from two of the pulmonologists that were criticized by Dr. Friedman (Footnote 13, p. 15). The Manville Trust, the Fuller Austin Settlement Trust and presumably other asbestos defendants and trusts have similarly stopped accepting documentation from questionable facilities. Plaintiffs' law firms, in turn, have dropped the use of problematic medical laboratories and B-readers. Among the four pulmonary function facilities criticized by Dr. Friedman and identified above, no plaintiff has submitted a claim to the Manville Trust in the last three years supported by a report from Pulmonary Testing Services, only 43 have submitted reports from Respiratory Testing Services in the last seven years and only one claim has submitted a report from any of the four facilities in 2004. Law firms want their claims paid, they do not want disputes and refusals by asbestos defendants.

In summary, Credit Suisse, Dr. Vasquez and Dr. Friedman all misrepresent the generality and significance of Dr. Friedman's conclusions about the claims he examined. Dr. Friedman

incorrectly implies more generality to the cases that he examined as "a snapshot of claims filed in the 1990s" (p. 33 and p. 36) and incorrectly states that he "evaluated a representative sampling of claims alleging asbestos related diseases," but he did not understand the limited and biased source from which his data were drawn. He states "I had no involvement in the selection of cases .... The identify of all plaintiff firms was redacted from all documents and represented by an assigned code. I was blinded as to the identify of the law firms." (p. 2) Perhaps for this reason he stated incorrectly that his data, which in fact were almost entirely from three Texas law firms, were about "claims ... submitted by numerous different plaintiff firms from various geographic locations" (p.2).

10.1.2. Problems with the Gitlin Article

Credit Suisse also refers to an "explosive" study by Dr. Joseph Gitlin and others (Comparison of "B" Readers' Radiographic Interpretations of Chest Radiographs for Asbestos Related Changes," Academic Radiology 2004, 11: 843-856) (the "Gitlin article") that, in its view, casts doubt on the validity of medical documentation supporting many of the claims against OC. The Gitlin article was accompanied by a guest editorial that in its title alone suggests the possibility of widespread abuse (Janower, M. L. and L. Berlin, "B" Readers' Radiographic Interpretations in Asbestos Litigation: Is Something Rotten in the Courtroom?," Academic Radiology 2004, 11: 841-842). The basic article and accompanying editorial have been widely quoted and used by asbestos defendants to lobby against asbestos plaintiffs and to support the call for legislative reform.

In making these arguments, Credit Suisse ignores two vital pieces of information. First, Dr. Gitlin himself does not attempt to generalize beyond his sample to a general population, and explicitly says you cannot do that. Second, any attempts to generalize from his article to a general population would have no scientific basis.

The "Discussion" Section of Dr. Gitlin's article makes clear what can and cannot be learned from the study. Direct quotes are:

- "The authors had no basis for determining how this group of workers represented the universe of asbestos claimants"

- "Additional studies incorporating scientific sample selection and the use of demographic factors would be desirable in developing more objective measures for adjudication of individual claims."

- "Despite these limitations, the results of this study can contribute to the design of subsequent efforts to obtain reliable information about asbestosis, including the optimum number of consultant readers needed to to provide sufficient data points to support reasonable analysis and consultations."

So, Dr. Gitlin was focused on questions like how much interobserver variation there was in the interpretation of X-rays, what kinds of data gathering procedures one would need, and what sorts of statistical methods might be used to determine a given individual's status in the presence of multiple X-ray readings.

But the Gitlin article stops well short of drawing inferences about the population of asbestos claimants. It is Credit Suisse that has drawn those inferences. In doing so, Credit Suisse has ignored the fact that the article does not satisfy standards for generalization in the scientific literature. Credible scientific research must:

- start with the explicit identification of a target population to which the research conclusions would apply (e.g., the population of alive exposed workers, or claimants filing claims in

recent years, or claimants filing non-malignant claims in recent years),

- select a sample in a way that the relationship between the sample and target population is fully explained so that others can understand the sampling process, and

- use statistical methods to examine biases in the sample for which data are complete so that adjustments (e.g., reweighting) can be made if necessary in generalizing from the sample back to the target population

- subject sampled claims to unbiased analyses that do not predetermine results simply because of how claims were reviewed or who did the reviewing and then fully explain the review and who did it so that that others can understand the analytic process.

None of this is done in the article. All that we know is that "the results presented in this article are based on a reading trial the authors conducted for a group of defense attorneys" suggesting that the research was done for partisan reasons rather than for objective science. How Dr. Gitlin's cases were selected and who reviewed them means everything--the study involves nothing other than these two processes which Dr. Gitlin fails to describe. In order to generalize to populations beyond the sampled claims, Dr. Gitlin would have to start, as he does not, by describing both the population of defense attorneys, the population of X-rays from which the sample was drawn and how the X-rays possessed by these defense lawyers are representative in some way to a broader population. Without such explanations, we must be skeptical about the generality of the examined X-rays: defense lawyers typically have X-rays for only a small and unrepresentative sample of all asbestos plaintiffs. Dr. Gitlin would then have to explain how the X-rays in his study were sampled from all X-rays possessed by these defense lawyers, a step that he again fails to explain. Again, we must be skeptical (the scientific method requires skepticism, an approach that is even more incumbent here given the interested sponsorship of the research and the high economic stakes of its conclusions). Here, where defense attorneys both sponsored the study and also supplied the sampled X-rays, Dr. Gitlin would have to make a compelling explanation of a fair, random selection process. Dr. Gitlin would need to rule out adverse selection procedures that have the effect of generating conclusions of interest to the sponsoring lawyers. For example, defense attorneys may have selected from the minority of asbestosis law suits that were rejected by courts or refused payments. Or, defense attorneys might have screened the X-rays to identify claims that a defense doctor had already assessed as having no X-ray evidence of asbestos-related disease. Because Dr. Gitlin's inferences about his sampled cases are so extreme (only 4.5% of the cases have ILO 1/0 or higher), these are the plausible hypotheses for the cases selected and reviewed here.

Having failed to explain how the sponsors of his research selected the claims that he examined, Dr. Gitlin then fails to describe who reviewed these claims. Credible past research has already shown enormous variability among B-readers in their conclusions about X-rays; Dr. Gitlin does not attempt to plow new ground here. See, for example, 'B-Readers' and Asbestos Medical Surveillance. Ducatman, Yand and Forman,. Journal of Occupational Medicine, Volume 20, pp. 644-647 (1988). B-readers who serve as litigation consultants for asbestos defendants differ markedly in their readings from those who serve as consultants for asbestos plaintiffs and both differ from those B-readers who do not participate in litigation. Again, without Dr. Gitlin's explanation about how his "test" B-readers were selected and what, if any, experience they have in asbestos litigation, we must be skeptical. If Dr. Gitlin's B-readers include consultants to asbestos defendants, the results are an expectable reflection of biases among such B-readers.

Established and reputable health services journals like the Journal of the American Medical Association or the New England Journal of Medicine determine the standards that have to be followed for publication. One cannot accept a series of medical cases with completely unknown origin as the basis for a study, as Credit Suisse would suggest. Credit Suisse has not done its own

analysis here, but has simply jumped on a partisan bandwagon of asbestos defendants who cite this study done on behalf of their lawyers.

10.1.3. The Credit Suisse Motion Raises No Credible Forecasting Issues

Nothing in Credit Suisse's motion raises issues affecting reasonable forecasting of the asbestos liabilities of OC or Fibreboard. Credit Suisse does not criticize my forecasts or assumptions either in this case or in my previous forecasts in other cases, but rather raises a straw man argument that falsely asserts that I make a forecasting assumption that I do not in fact make. Credit Suisse then relies on the Friedman report and Gitlin article, two studies that provide no reliable information about OC and Fibreboard asbestos claims, both to criticize my forecasts and also to argue for an expensive and unworkable process for reviewing detailed medical records for thousands of OC claims. Neither the Freidman report nor the Gitlin article either support their criticisms of my forecasts or evidence a need for Credit Suisse's expensive discovery process. Credit Suisse provides no useful comments about uncertainties in our forecasts and no help in identifying issues that would be appropriate for examination through sensitivity analyses.

10.2. Dr. Vasquez Forecasts for OC and Fibreboard

The undated "Forecast of Future Asbestos Claims and Idemnity: Owens Corning and Fibreboard" by Dr. Thomas E. Vasquez provides independent estimates of asbestos liabilities for each company. Dr. Vasquez employs the same basic forecasting approach that I have used in this report, the standard and widely used "Nicholson Method" so named because of its use of the signal epidemiological forecasts by Nicholson, Perkel and Selikoff to forecast future claim filings. While using the same basic method, Dr. Vasquez employs far different and often unsupported assumptions which individually and in combination serve to minimize his forecasts of future liabilities. I review some of Dr. Vasquez's significant assumptions in this Section and present sensitivity analyses of Dr. Vasquez's forecasts to show how each reduces Dr. Vasquez's forecasts.

Dr. Vasquez's forecasts have two basic problems: First, as I describe in detail below, he uses a series of unusual and questionable assumptions each of which has the effect of reducing his forecasted liability. The forecasts are not balanced but rather combine questionable assumptions that minimize estimated values of asbestos bodily injury claims. Second, Dr. Vasquez's forecasts of values for OC and and Fibreboard asbestos claims are muddled amalgams based sometimes on values in tort litigation and at other times values that might be paid by a bankruptcy trust created in these procedings.

Dr. Vasquez starts his valuation with amounts paid to asbestos claimants in the past by OC and Fibreboard as settlements in tort litigation, which would be an appropriate approach for estimating values of bankruptcy claims for asbestos bodily injuries if the approach had been implemented correctly. But Dr. Vasquez then subverts this approach by repeatedly replacing amounts actually paid by OC and Fibreboard in past tort litigation with his speculation about how claims would be paid by a trust created in these bankruptcy proceeding:

- Relying on the flawed Friedman study, Dr. Vasquez assumes that most claimants alleging asbestosis or pleural disease will have no impairment and will have values that he sets arbitrarily at $1,000 for OC and $700 for Fibreboard because "consistent with post-bankruptcy asbestos trusts, it was assumed that a nominal amount would be paid even to unimpaired claimants" (Vasquez, pp. 21 and 71).

- In calculating historic payments, Dr. Vasquez disregards OC's compensatory damage trial verdicts "since future Owens Corning and Fibreboard claims will be settled through a settlement trust" which he assumes would not be subject to trial verdicts (Vasquez, p. 69).

- Dr. Vasquez forecasts administrative and defense costs that would be paid by an asbestos trust not what OC and Fibreboard would pay in continuing litigation (Vasquez, pp. 32 and 90).

It is not clear just what liabilities Dr. Vasquez attempts to forecast, those of an asbestos trust or those for OC and Fibreboard in a continuation of tort liability, although he states that he prepared his forecasts because "the forecast of indemnity for the two companies is required under Section 524(g) of the Bankruptcy Code" (p. 4), requirements placed on asbestos trusts to assure their ability to pay future claimants. In any event, Dr. Vasquez's forecasts do not seem intended to and do not in fact estimate the values of OC and Fibreboard asbestos bodily injury bankruptcy claims in terms of the civil laws and procedures that apply to those claims. His forecasts do not seem pertinent to the current estimation process.

Dr. Vasquez's report makes many assumptions that determine the amounts he forecasts as OC's and Fibreboard's liabilities for future asbestos claims. Some of these assumptions are troubling or implausible. Table 30 lists seven particular assumptions made by Dr. Vasquez that I discuss in this section. Table 30 also shows results of our sensitivity analyses that quantify the impact of each assumption on Dr. Vasquez's forecasts of liability for each company. We start by attempting to replicate the forecasts by Dr. Vasquez that use all of his assumptions and his "Method 2" disease payment values. We were able to closely replicate Dr. Vasquez's forecasts for OC (the first two rows of Table 30), producing identical forecasts for the present value. We did not precisely replicate his forecasts for Fibreboard, perhaps because we use a different, more recent database than that used by Dr. Vasquez. We reach slightly higher forecasted liability values, a difference that I adjust in the next paragraph in discussing the full results of the sensitivity analysis. We then change each of the seven problematic Vasquez assumptions one at a time, showing the cumulative effects of these changes on Table 30. For example, when we extend the base period that Dr. Vasquez uses to forecast future claim filings from the 1995-1998 period he uses to 1995-2000, the present value forecasts increase about 22 percent for OC ($3.9 billion / $3.2 billion = 1.22%) and about 19 percent for Fibreboard ($3.2 billion / $2.7 billion = 1.19%; we start with with our approximate replication of Dr. Vasquez's results before and after this sensitivity adjustment rather starting with his precise forecast results). When we change the second Vasquez assumption, changing his assumption of no increase in future propensities to an assumed increase, the effects of both of these changes now increase Dr. Vasquez's present value forecast for OC from the $3.2 billion he started with to $5.6 billion, an increase of 175 percent. We continue adding the effects of each changed assumptions to the previous changes showing the cumulative effects of all seven changes by the end of Table 30.

Table 30: Cumulative Effect of Assumptions on Dr. Vasquez' Estimates of Filings and Liability

Ref Section	Condition	Liability		Present Value	
		OC	FB	OC	FB
	Vasquez "Method 2" Results	$6.9	$5.1	$3.2	$2.3
	LAS Replication of Vasquez Results	7.1	6.0	3.2	2.7
10.2.1	Include 1999-2000 in Base Period	8.5	7.0	3.9	3.2
10.2.1	Increase Propensity to Sue	12.8	10.5	5.6	4.6
10.2.2	Use Nicholson Epidemiology	13.9	11.4	6.1	5.0
10.2.4	Use Constant Dollars (2000$)	14.5	11.7	6.4	5.1
10.2.4	Restore Verdicts	16.9	11.7	7.4	5.1
10.2.4	Use Actual Settlement Values	19.0	13.1	8.3	5.7
10.2.4	Remove Age Adjustment	20.6	14.2	8.8	6.1

Notes: Table shows alternative forecasts of the present value of liabilities for future claims in billions of year 2000 dollars. Discount rate is 6%. Inflation rate varies among the alternatives.

As Table 30 shows replacement of each of the seven Vasquez assumptions that I criticize below with more plausible assumptions has the effect of increasing the liability forecasts for each company (the changed assumption of restoring verdicts did not affect the Fibreboard forecast because that company had no recent verdicts). Together substitution of all seven Vasquez assumptions with alternatives that I show below to be more plausible results in a great increase Dr. Vasquez's forecasts. His present value forecast of future claims for OC increases from $3.2 billion to $8.8 billion. His present value forecast for Fibreboard increases from $2.3 billion to $5.2 billion, (obtained by increasing Dr. Vasquez's $2.3 billion forecast by 226 percent which is the percent increase we observe from our $2.7 approximate replication of his Fibreboard forecast to Fibreboard's $6.1 billion liability after the seven adjustments: $6.1 billion / $2.7 billion = 2.2593; 2.2593 x $2.3 billion = $5.196 billion). These differences represent changes in only seven of the troubling assumptions. Dr. Vasquez's forecasts would have increased further with more comprehensive changes.

10.2.1. Dr. Vasquez Ignores OC's and Fibreboard's Increased Claims Filings

Future forecasts should look to a company's history of past claims which provide information about the actual level of filings for each asbestos related disease and trends in such filings. Forecasters look to the most recent period of filings against a defendant under the assumption that conditions that will determine filings in the future are most similar to the most proximate time period, here the months and years immediately preceding OC's bankruptcy filing. For both OC and Fibreboard, claim filings had increased throughout the 1990s and over the five years preceding the petition date, reaching their highest level immediately before the bankruptcy (47,980 claims against OC in nine months of 2000, 55,439 annualized, Table 10, Section 6.2.3; 46,532 claims against Fibreboard in the same period, 54,272 annualized, Table 23, Section 8.2.1.). Only a one-year increase in filings in 1995 broke this overall trend and that increase was the result of the two nationwide class action of future claimants that shifted filings that would have otherwise occurred before and after 1995 into that year (see discussion in Section 6.2.3.). Both Dr. Vasquez and I testified about this process of "accelerated" claimings during the fairness hearing for Fibreboard's Ahearn class action, one of the two class actions that caused the 1995 increase for accelerated filings against OC and other defendants, and I presented data in the Babcock and Wilcox confirmation hearing about a similar acceleration of filings against that company in 1995.

Contrary to general practices in forecasting asbestos liabilities and his own forecasts in other cases, Dr. Vasquez did not use OC's and Fibreboard's most recent and timely experience in claim filings to forecast future claims, but rather used an earlier period, 1996-1998, during which annual filings against OC were only 71 percent of their most recent level during January 1999 through September 2000 (36,597 average annual filings during 1996-1998; 51,709 average annual filings 1999-September 2000: 36,597 / 51,709 = 70.8 percent) and Fibreboard's were only 68 percent of their most recent level (34,455 annual filings during 1996-98; 50,402 annual filings 1999-September 2000: 34,344 / 50,402 = 68.4 percent). As a result Dr. Vasquez forecasts that OC's and Fibreboard's future filings would start at only 70 percent of the annual level of filings for each averaged over the most recent five years preceding OC's bankruptcy petition. Then, although both companies were experiencing a continuing increase in filings, an increase which was and continues to be the experience of other asbestos defendants as well (Figure 2, Section 3.), Dr. Vasquez forecasts that the direction of future filings would change, sharply decreasing from his starting points that were already well below each company's actual claim filing experience at the time of its bankruptcy.

Dr. Vasquez rejected the most current data on OC's and Fibreboard's claim filings and his own practices in other cases arguing that the increased 1999 and 2000 filings were caused by the new NSP settlements that encouraged plaintiffs to accelerate their filings in order to be included in the initial NSP agreements. Dr. Vasquez offers no evidence at all to support his speculation that plaintiffs accelerated the timing of their filings or that the large 1999 and 2000 increase in OC filings resulted from accelerated filing of claims. The evidence is contrary. Asbestos claim filings increased broadly across many other asbestos defendants in these years (Figure 2, Section 3.), increases that could have nothing to do with the NSP settlement programs of OC and Fibreboard. The increased use of the internet, both among asbestos cancer victims and by plaintiffs' law firms seeking clients, contributed to the increased filings against OC, Fibreboard and other defendants.

In particular, Dr. Vasquez is not persuasive in arguing that the sharp increases in 1999-2000 cancer filings resulted from cancer victims' earlier, accelerated filings so that they could be included immediately in the NSP agreements. NSP qualification requirements and payment amounts were typically similar for initial and future cancer claimants, so there would be little reason for cancer claimants to speed their filings. Undoubtedly cancer claimants desired the earliest possible payment, but those desires were not generated or affected by the NSPs. Indeed because of their desire for early payments most cancer claimants typically file shortly after their diagnoses, which means there would have been little opportunity to observe the accelerated filings that Dr. Vasquez presumes. Consequently, empirical support for accelerated filings among asbestos claimants in other cases, the 1992-1993 increases in Fibreboard's filings before its Ahearn class action and the 1995 peak in filings against Babcock and Wilcox (similar to the 1995 peak for OC), found earlier filings primarily among victims of nonmalignant diseases rather than among cancer claimants.

Particularly for his forecasts of future cancer claims, Dr. Vasquez has provided no reason for rejecting OC's and Fibreboard's higher claim filings during 1999 and 2000 or for using only the lower filing levels from previous years At the time of OC's bankruptcy petition, (1) claim filings for both OC and Fibreboard were much greater than Dr. Vasquez forecasts for the future, (2) filing trends for both companies were increasing at the time and (3) other, similar defendants found that asbestos claims continued to rise in number after the date of OC's bankruptcy filing. Reasonable forecasts of future asbestos claims carry into the future a company's experience at the time of its bankruptcy and, where possible, look to what has happened to similar companies since a debtor entered bankruptcy. Here, Dr. Vasquez should have forecast far more claims for the period immediately after OC's bankruptcy filing and he should have forecast a continuing

increase in claim filings against both OC and Fibreboard. Failing to make these assumptions, Dr. Vasquez's forecasts of future filings for OC and for Fibreboard are too low.

The first two adjustments of our sensitivity analyses assume, as Dr. Vasquez does not, continuation of OC's and Fibreboard's claim filing experience at the time of its bankruptcy filings. First we extend the period for calculating propensities to sue right up to the time of OC's banruptcy petition, adding 1.75 years during 1999 and the first nine months of 2000. Second, we assume that the rate in claims filings that OC and Fibreboard had experienced over the 1990s would continue and would not sharply reverse as Dr. Vasquez assumed.

10.2.2. Dr. Vasquez's Incidence Model Further Reduces His Forecasts

Another of Dr. Vasquez's assumptions that lower his forecast of the number of future claims is his choice of the epidemiological model that he uses in making his forecast. As Dr. Vasquez notes, forecasts of the incidences of asbestos related cancers that he uses in his liability forecasts were derived from an original peer-reviewed study by Nicholson, Perkel and Selikoff published in 1982. Ten years later Dr. Vasquez and his colleagues at KPMG-Peat Marwick derived another set of incidence forecasts based on the Nicholson study (the "KPMG" study). In making his liability forecasts for OC and Fibreboard, Dr. Vasquez could have used either the incidence forecasts that he and his colleagues derived or the original Nicholson incidence forecasts. Both are routinely used to forecast future asbestos liabilities and I have used both.

But the Nicholson forecasts are preferable for three reasons. First, Nicholson provides epidemiological forecasts for all cancers, mesothelioma, lung and other cancer sites. The KPMG incidence forecasts do not include asbestos-related deaths for other cancers. Second, Nicholson's study was conducted by medical doctors and epidemiologists and was peer reviewed. KPMG's is not. Third and most important, the Nicholson forecasts of mesothelioma deaths have been closely confirmed by the National Cancer Institute's SEER program, which Dr. Vasquez correctly notes is the test for validity of these models. KPMG's forecasts of mesothelioma deaths also compares well with the SEER data, but it does not predict the number of mesothelioma deaths as well as the Nicholson forecasts (Figure 5, Section 6.2.2.). KPMG's forecast model regularly undercounts the number of mesothelioma deaths among all Americans, male and female. Nicholson's forecasts correspond remarkably closely to the SEER data since their publication in 1982. Dr. Vasquez's report presents Figure 1 showing that the KPMG incidence forecast lies between the SEER count of all cancer deaths, male and female, and the SEER count only among males. The comparison with the "SEER-Male" data is not a proper test. Both Nicholson and, therefore, KPMG forecast cancer deaths among all workers occupationally exposed to asbestos, male or female making the SEER total count across gender the proper test of the models' validity. Further, Dr. Vasquez's comparison of his incidence forecasts to SEER in Figure 1 is misleading, since the KPMG model can be properly tested only for the years when it forecasts future mesothelioma deaths, the years after the 1992 development of the KPMG model. For prior years, KPMG was not predicting then unknown mesothelioma deaths, but rather was simply creating an equation that fit this already known data.

Dr. Vasquez ran and reported OC and Fibreboard forecasts based only on the KPMG incidence model. Because both the Nicholson and KPMG incidence models are well established and appropriate bases for forecasting asbestos claims, it is most useful to run and report forecasts using each of the two incidence models so that courts and parties can understand how the liability forecasts are affected by use of one or the other model. My routine practice is to run and report both models and we present both in our sensitivity analyses (Section 10.3). As I typically find among asbestos forecasts, use of the Nicholson model would have increased forecasts of OC's and Fibreboard's future liability by 10 percent compared to use of the KPMG incidence model. The number of future claims forecasted with the Nicholson model would be about 5 percent

greater than using the KPMG incidence forecasts and, consequently, defense costs would also be about 5 percent greater (forecasted liabilities increase more than forecasted claims because the Nicholson incidence model produces a slightly different distribution of diseases with a relative increase in the high-valued mesothelioma claims). Because of its stronger empirical confirmation the Nicholson incidence model should be regarded as the preferred basis for forecasting future asbestos claims that provides the better forecasts of liabilities for such claims.

Our third change in our sensitivity analysis of Dr. Vasquez forecasts uses the Nicholson epidemiological forecast of incidence of asbestos related cancers instead of the KPMG incidence forecasts.

10.2.3. Dr. Vasquez Inappropriately Values Future Claims by NSP Values

For one of his two alternative valuation models, Dr. Vasquez values future OC and Fibreboard claims based on averages from NSP agreements. These NSP agreements are inapplicable to future claimants. Future claimants are not a party to these agreements. Values of their claims cannot be determined by agreements to which they are not party. Moreover, by their terms the NSPs are indefinite and do not specify values that would apply to future claimants who might choose to accept those agreements.

Dr. Vasquez recognizes the inapplicability of the NSP agreements to future claimants. Although the NSPs would provide no payment for nonmalignant claimants who do not meet the NSP definitions of impairment, Dr. Vasquez nevertheless recognizes that future nonmalignant claims must be given values whether or not the NSPs provide for payment. Dr. Vasquez assigns arbitrary values for nonmalignant claims that do not meet NSP requirements, $1,000 for claims against OC and $700 for claims against Fibreboard.

10.2.4. Dr. Vasquez Makes Arbitrary and Unsupported Reductions in His Second Valuation Model

The derivation of the "Six Year Historical Averages" used in Dr. Vasquez's second valuation model is obscured by contradictions. Dr. Vasquez's report states that this second valuation model is based only on non-NSP settlements since 1995, but further documentation from Dr. Vasquez's company, ARPC, indicate that these "Historic Average Indemnity Amounts" were calculated across all settlements both under the NSPs and outside the NSPs. Second, Dr. Vasquez could not have calculated "Six Year Historical Averages" for Fibreboard as he claims. Fibreboard participated in few settlements between 1995 and late 1999 because the Ahearn injunction allowed only settlements of exigent cancer and trial calendar claims in those years. Dr. Vasquez provides data indicating many Fibreboard settlements, including many nonmalignant settlements, during the 1995-1999 period while the injunction was in place, but these settlement dates cannot be accurate. Apparently Dr. Vasquez treated Fibreboard settlements like Fibreboard filings, attributing to Fibreboard the dates on which OC settled with each plaintiff who also have a Fibreboard claims even though Fibreboard could only have settled these claims in late 1999 and 2000 after the injunction was lifted. Claims that Fibreboard actually settled during 1999 and 2000 cannot be regarded as having settled in prior years even if OC's settlements occurred earlier.

These changes in Fibreboard settlement dates call attention to one particular omission in Dr. Vasquez's calculations of historic averages, his failure to adjust for inflation that occurred between 1995 and 2000. Because of inflation the value of the dollar was changing over the six year period; a 1995 dollar was different in real value from a 2000 dollar just as the value of U.S. dollars differ from Canadian or Panamanian dollars. Just as one cannot meaningfully average values of payments made in different currencies, U.S., Canadian or Panamanian dollars, one cannot meaningfully average 1995 settlement dollars with settlements achieved in other years when the U.S. dollar had different values. Rather, the dollar settlements for each year must be

adjusted for inflation so that they are then expressed in the same monetary unit, all in year 2000 dollars for example. Because Dr. Vasquez failed to make this inflation adjustment, his multiyear averages underestimate the actual multiyear averages in terms of current (i.e. now inflated) dollars. Dr. Vasquez's use of the dates when OC settled claims to replace Fibreboard's actual settlement dates prevents meaningful adjustments for inflation.

Our fourth change in our sensitivity analysis of Dr. Vasquez's forecast adjusted for inflation during the periods used to derive the historic settlement averages for each company and stated these derived averages in year 2000 dollars, the year of OC's bankruptcy petition.

As I describe next, Dr. Vasquez made several other problematic assumptions that lowered his estimate of the values of asbestos claims against OC and Fibreboard and, therefore, lowered his forecasts of company's liability for future asbestos claims. First, in calculating the values of past resolutions for each company Dr. Vasquez excluded verdicts, justifying these exclusions because "future Owens Corning and Fibreboard claims will be settled through a settlement trust" (p. 69). This step renders Dr. Vasquez's calculations inappropriate as estimates in bankruptcy of the aggregate values of asbestos claims against each company.

As for all creditors, the values of asbestos bodily injury claims in bankruptcy are determined by their values under applicable civil law. Just as bankruptcy creditors who hold contract claims against OC will have the values of their claims determined by contract laws that obtain outside of bankruptcy, asbestos injury creditors must have the values of their claims determined under tort laws relevant to their claim. Both OC and Fibreboard have extensive histories of how they have resolved past claims under the relevant tort laws and these histories provide means for estimating the values of present and future asbestos claims. OC's historic liability for asbestos injury claims includes both the amounts that it paid in settlements and the amounts it paid as the result of trial verdicts (because of Ahearn Fiberboard has no recent history of trials). Particularly given OC's years of using an aggressive litigation strategy, its liability and, conversely, the average historic values of OC asbestos claim must be calculated from the total of both settlements and verdicts. Because OC paid substantial amounts in verdicts to asbestos injury claimants, Dr. Vasquez significantly underestimates OC's asbestos liabilities and the average values of asbestos claims by excluding verdicts from his calculations.

Our fifth change in our sensitivity analysis of Dr. Vasquez's forecast included both OC's settlements and its verdicts in calculating the company's historic level of payments to asbestos claimants.

Next in calculating OC's historic payment averages Dr. Vasquez decreased the actual settlement amounts paid to almost all claimants by one-eighth, because (a few) different plaintiffs had received verdicts for punitive damages against OC. Dr. Vasquez assumed that punitive damage awards should not be included in calculating the historic payment levels he used for his forecasts. But Dr. Vasquez did not simply omit the actual amounts that OC paid in punitive damages in calculating its historic payments levels. Rather he estimated that 12.5 percent of all past OC settlements represented a "punitive component" of those settlements that should be excluded in calculating the average values of claims, even though that claimant had not received a punitive damage award or settlement. There are multiple problems with this reduction. Dr. Vasquez gives absolutely no rationale or reason why one-eighth of the amounts paid by OC to hundreds of thousands of settling claimants should be disregarded because a few, different plaintiffs were paid punitive damages. He gives no rationale or reason why future claimants should have the estimated values of their claims reduced below the amounts actually paid in the past to settle claims that did not involve any punitive damage award, because some other plaintiffs in the past were paid punitive damages. Dr. Vasquez does not simply exclude the actual amount of punitive damages paid to past plaintiffs in calculating the average values of future claims, he further

reduces the historic settlements paid by OC by another 12.5 percent in order to exclude what he claims is the "punitive component" of past settlements.

Dr. Vasquez's derivation of the 12.5 percent reduction comes from a misuse of multiple regression analysis. Dr. Vasquez claims to have identified seven states which "historically ... did not award punitive damages" (p. 155). He does not report how he identified these states: Were they the only states in which he believes no punitive damages were in fact awarded against OC (which would be historically inaccurate)? Does he represent that the seven states are the only states in which laws do not permit punitive damages for asbestos claims? If so, how did he identify these states? What expertise does Dr. Vasquez have to assess the nature of punitive damage laws across states? He is an economist not a lawyer or legal scholar. Dr. Vasquez then ran a multiple regression analysis that attempted to determine how much of the variation in settlement payments to different claimants was determined by a series of variables taking into account the effects on settlements of all other variables in the analysis. Among these were "dummy" variables that separated Dr. Vasquez's seven non-punitive damage states from the other 43 states that he apparently concluded did award punitive damages. The multiple regression analyses found that for each type of disease settlements differed between his non-punitive damage states and the other states, with lower settlements in the non-punitive damage states. From this Dr. Vasquez concluded that these differences in settlements between the two groups of states occurred solely because of the availability of punitive damages in some states but not the others and he reduced the values of settlements in the 43 punitive damage states to the levels of settlements in the 7 states he believes are non-punitive damage states.

There are numerous problems with this analysis. First, we do not know the basis of Dr. Vasquez's identification of punitive damage and non-punitive damage states; he has given no explanation that his identification of states makes sense. Second, Dr. Vasquez has not demonstrated that punitive damages were awarded in each of his punitive damage states. He treats Wyoming, for example, as a punitive damage state, but he has not demonstrated that punitive damages were ever awarded against OC or any asbestos defendant in Wyoming. If no punitive damages have been awarded there, why would OC settlements with Wyoming plaintiffs have been inflated because punitive damages might have been awarded in other states with different laws, different judges and different juries? Third, Dr. Vasquez does not take timing into account. If punitive damages have any effect on settlements values of other cases, those effects would occur only after punitive damages were awarded. Fourth and most obviously, Dr. Vasquez's analysis is extremely aggressive in concluding that all differences in settlement values between his two groups of states are attributable to whether or not the state "historically ... award(ed) punitive damages." Dr. Vasquez's seven non-punitive damage states include Massachusetts, Nebraska and New Hampshire--states that have low settlement values for reasons wholly unrelated to the availability of punitive damages. Asbestos claims in Massachusetts, for example, have had low settlement values because plaintiffs can rarely get trial settings. The values of asbestos settlements are closely tied to the pendency of trial. In states where trials are readily available, values are greater. In states like Massachusetts where plaintiffs have little chance in getting to trial, defendants can force lower settle values. Essentially, Dr. Vasquez's analysis is an example of naive misuse of multiple regression analyses, in which he observes some differences in settlement values between two groups of states and then assumes that those differences resulted from only the one factor that he is examining in his analysis, the one of the many ways in which the groups of states differ. This conclusion is unsound as a scientific and statistical inference.

Dr. Vasquez takes this unsound analysis to drop historic OC settlement averages by 12.5 percent and then goes further, extending this 12.5 percent reduction to historic Fibreboard settlements even though there have been no recent trials in which punitive damages have been awarded to any Fibreboard plaintiff.

Our sixth change in our sensitivity analysis of Dr. Vasquez's forecast used actual historic settlement values for OC and Fibreboard, restoring the 12.5 percent "punitive component" reduction that Dr. Vasquez had made to historic settlement values.

Dr. Vasquez also progressively reduces the values of future claims, assuming that settlement values will decrease for future claimants who are older and who will tend to have been exposed in later years. This reduction is unsupported. Dr. Vasquez merely states without referencing any supporting evidence that "historically, both of these factors reduce average settlement amounts" (Vasquez, p. 74). The regression analyses that Dr. Vasquez used to calculate his "punitive component" do not support his assertion. And again the history of asbestos litigation contradicts Dr. Vasquez: as asbestos plaintiffs ages and exposures years have increased over the past decade, the settlements they received have increased, not decreased (Table 1 and Figure 1, p. 3). Dr. Vasquez makes this reduction by lowering his measure of future monetary inflation from the expected 2.5 percent to 2.0 percent. This adjustment takes effect immediately, so that claimants will who fill in 2005 will have their claims valued in amounts that are 2.5 percent less than Dr. Vasquez's calculation of the current values of claims. Claimants filing in 2010 will receive 5.1 percent less.

Our seventh change in our sensitivity analysis of Dr. Vasquez's forecast used the Congressional Budget Office forecast of a future inflation rate of 2.5 percent, restoring the 0.5% reduction that Dr. Vasquez made.

10.3. Sensitivity Analyses

Forecasts of asbestos liabilities are inherently uncertain. While our forecasts have strong bases--epidemiological forecasts of asbestos diseases that have been tested and confirmed by twenty years of SEER counts of mesothelioma deaths, OC's and Fibreboard's own recent claims history--forecasts of OC's and Fibreboard's future liability would differ somewhat if we had made different assumptions about epidemiology, propensities to sue, or payment amounts in future years. This Section examines how forecasts would have differed under different assumptions.

This process of studying how predictions change with changes in key assumptions is known as sensitivity analysis and is a primary way for examining and understanding scientific forecasting. In this Section, we report on the results of systematically varying five types of parameters:

- The choice of epidemiological projections: Nicholson vs. KPMG (see below for a discussion of the KPMG model);
- Alternative base periods for determining propensities to sue and the values of asbestos claims;
- Use of propensities to sue that increase and those with no increase. Alternative assumptions about rates of decline for nonmalignancy claims;
- Use of dollar amounts that change according to the experiences of other defendants;
- Changes in filings and settlements that would result if national legislation were passed that would treat most nonmalignant claims as noncompensable.

We first define these alternatives, then we present some results from systematically varying them. Since each of these sensitivities affect only our forecasts of future claims, our analyses and reported results present the alternative forecasts of future liabilities based on the alternative assumptions examined in the sensitivity analyses.

We conclude our sensitivity analyses conclude by considering how OC's and Fibreboard's liabilities would change if the companies were to undertake a radically different strategy, replacing their historic methods of addressing asbestos liability with an aggressive strategy of refusing to settle disputed cases and trying those cases to verdict.

10.3.1. Definition of Sensitivity Variations

10.3.1.1. Alternative Epidemiological Models

In 1992 the consulting firm KPMG-Peat Marwick adjusted the Nicholson epidemiological forecasts as part of their engagement in the bankruptcy proceedings of National Gypsum. KPMG retained most of elements of the Nicholson forecasts but used more recent Labor Department data and alternative medical models to estimate the probabilities of mesothelioma and lung cancer. As shown in Figure 5, above, the KPMG forecasts are a reasonable, although less preferable alternative to the original Nicholson forecasts of asbestos related cancer deaths. The Nicholson forecasts are preferable because they have been more closely confirmed by subsequent SEER data on annual mesothelioma deaths. To examine the effects of using the specific Nicholson epidemiological forecasts of future cancer deaths, we also forecast future claims and liabilities using the KPMG forecasts.

10.3.1.2. Alternative Base Period Variations

For our forecasts we calculated propensities to sue over the five years (actually, 4.75 years) ending October 2000 and also used OC's settlements over the same period to estimate the values of pending and future claims. Fibreboard's settlements were constrained to 1999 and 2000, the only period during that time when they were settling claims because of the Ahearn injunction. We have described the reasons for selecting these periods in previous sections of the report.

To see how these choices of base periods might have affected our forecasts, we made alternative forecasts using shorter base and dollar valuation periods, as shown in Table 31.

Table 31: Alternative Lengths of Base Period for Sensitivity Analyses

Company	Years for Propensities		Years for $Valuation	
	Selected	Short	Selected	Short
OC	1996-2000	1999-2000	1996-2000	1999-2000
Fibreboard	1996-2000	1999-2000	1999-2000	1999-2000

Note: The shorter valuation period for Fibreboard reflects that only exigent and trial calendar settlements were being made by Fibreboard prior to the lifting of the Ahearn injunction in 1999.

10.3.1.3. Propensity to Sue Variations

Throughout this report we have presented forecasts for two alternative assumptions about future propensities to sue: (1) that propensities to sue would increase for five years in the future and would remain unchanged thereafter and (2) that propensities to sue would remain at the level of the base period for all future years. Of these, the increasing model is far more plausible, reflecting both the history of claims experience against OC and Fibreboard as well as among other asbestos defendants in recent years and also the likely increase in claims against OC and Fibreboard resulting from the bankruptcy filings by other major asbestos defendants during 2000 and 2001.

Our sensitivity analyses test a third and fourth alternative. The third is that cancer propensities to sue will increase but the nonmalignant multiplier will remain steady. The fourth is that cancer propensities to sue will increase but that the nonmalignant multiplier will decline to 90 percent of its present value in five years.

Table 32 shows the propensity to sue multipliers for each of the four alternatives.

Table 32: Propensity to Sue Alternatives

Filing Year	Meso				Lung				Othc				Nonm			
	Alt1	Alt2	Alt3	Alt4	Alt1	Alt2	Alt3	Alt4	Alt1	Alt2	Alt3	Alt4	Alt1	Alt2	Alt3	Alt4
2001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2002	1.000	1.098	1.098	1.098	1.000	1.123	1.123	1.123	1.000	1.198	1.198	1.198	1.000	1.028	1.000	0.975
2003	1.000	1.196	1.196	1.196	1.000	1.245	1.245	1.245	1.000	1.396	1.396	1.396	1.000	1.056	1.000	0.950
2004	1.000	1.294	1.294	1.294	1.000	1.368	1.368	1.368	1.000	1.593	1.593	1.593	1.000	1.085	1.000	0.925
2005	1.000	1.392	1.392	1.392	1.000	1.490	1.490	1.490	1.000	1.791	1.791	1.791	1.000	1.113	1.000	0.900
2006	1.000	1.392	1.392	1.392	1.000	1.490	1.490	1.490	1.000	1.791	1.791	1.791	1.000	1.113	1.000	0.900
2029	1.000	1.392	1.392	1.392	1.000	1.490	1.490	1.490	1.000	1.791	1.791	1.791	1.000	1.113	1.000	0.900

10.3.1.4. Changing Dollar Amounts Variations

Figure 1 shows average settlement amounts during the 1990s for three defendants with publicly available data: Armstrong, Babcock and Wilcox, and Turner and Newall. We computed averages for the three-year intervals 1995-1997 and 1998-2000, and examined their rates of change between those intervals (Table 33). Mesothelioma settlement costs uniformly went up, from 23 to 81 percent. Lung cancer settlements went up for two defendants and dipped slightly for a third. Other cancer and nonmalignant settlement amounts went slightly down.

We adopted a changing settlement costs variation as part of our sensitivity analysis, using as multipliers the averages of the percent increases or decreases for each disease, as shown in the last columns of Table 33. We assume these multiples will change in even steps from 1.0 to their final values from 2001 through 2004.

Table 33: Payment Value Change Calculations

Defendant	SetYear Range	Average Settlement Value				Change Ratio			
		Meso	Lung	Othc	Nonm	Meso	Lung	Othc	Nonm
Armstrong	1995-1997	$34,584	$11,545	$6,502	$3,202				
Armstrong	1998-2000	62,477	13,191	6,098	2,802	1.81	1.14	0.94	0.88
B&W	1995-1997	57,828	19,789	12,284	4,761				
B&W	1998-2000	70,887	24,193	14,173	5,846	1.23	1.22	1.15	1.23
Turner-Newall	1995-1997	40,104	13,220	7,080	3,806				
Turner-Newall	1998-2000	63,335	12,438	5,689	2,816	1.58	0.94	0.80	0.74
Overall Change						1.54	1.10	0.96	0.95

10.3.1.5. Tort Reform Variation

Ohio recently passed legislation which will prevent unimpaired nonmalignancies from getting compensated in that state. We estimate that this change in Ohio would only slightly reduce OC's and Fibreboard's overall liability.

Some have speculated about national legislation similar to Ohio's. We employ a variation here that assumes similar legislation on a national level. We assume first that 60 percent of the nonmalignant claims will get zero value (claims will still be filed, so our forecasts of the number of filings will not change--certain claims will just not be paid). Because the legislation is intended to eliminate the least severe nonmalignant claims, we assume that will affect the 60 percent of nonmalignants who previously received the lowest values, i.e. the 60th percentile and

below. Those nonmalignant claimants who continue to receive compensation are the claimants who were in the top 40 percent of historic settlement values among nonmalignant claimants. We also assume an attorney behavioral change will occur: without the lesser-valued nonmalignant claims, attorneys will devote more money and effort on the cancer claims and so resolution values for cancers will increase by 10 percent. The net change in resolution amounts is described in Table 34. We apply these resolution amounts to our base forecasts below.

Table 34: Changes to Resolution Amounts if Ohio Legislation Expands Nation-Wide

Company	Disease	Average $Resolution	Net Change	Adjusted $Resolution
OC	Meso	$185.462	+10.0%	$204.008
OC	Lung	40.883	+10.0%	44.971
OC	Othc	17.471	+10.0%	19.218
OC	Nonm	7.080	-21.8%	5.537
Fibreboard	Meso	$130.229	+10.0%	$143.252
Fibreboard	Lung	28.175	+10.0%	30.992
Fibreboard	Othc	13.252	+10.0%	14.577
Fibreboard	Nonm	4.206	-38.2%	2.603

Notes: Nonmalignant resolution averages decrease because 60 percent of nonmalignant claimants who historically received the lowest settlement values would now receive no payment. This results in an average resolution that is 22 percent lower for OC and 38 percent lower for Fibreboard.

10.3.2. Sensitivity Analysis Results

10.3.2.1. Alternative Epidemiological Model Results

Because the KPMG epidemiological models forecast a more rapid decline in the incidence of asbestos related cancers in future years, forecasts based on that model produce fewer future claims than forecasts based on use of the Nicholson epidemiological model. This can be seen by in Table 35. The number of filings is reduced by about 5.5 percent. Liability and present value declines are around 8 percent.

Table 35: Comparison of Epidemiological Models

Company	Outcome	Epidemiological Model		KPMG Percent Decline
		Nicholson	KPMG	
OC	Filings	946,777	895,227	5.4%
OC	Liability	$20.9	$19.2	8.1%
OC	PV	$9.0	$8.3	7.8%
Fibreboard	Filings	1,025,823	968,849	5.6%
Fibreboard	Liability	$14.9	$13.6	8.7%
Fibreboard	PV	$6.4	$5.9	7.8%

Notes: Table shows alternative forecasts of the present value of liabilities for future claims in billions of year 2000 dollars. Future claims are assumed to settle 2 years after filing. Indemnity is inflation adjusted at 2.5% per year. Discount rate is 6%.

10.3.2.2. Alternative Base Period Results

As shown in Table 36, total liability forecast increase by about 33 percent for OC and 25 percent for Fibreboard from use of a shorter propensity to sue base period, which increases the forecasted number of OC and Fibreboard filings. The shorter base period for historic resolution values had a small negative effect for OC: the absence of verdicts for OC in 1999 and 2000 led to a drop in mesothelioma resolution values, and nonmalignant values declined during this period as well. We used only one base period to calculate historic settlement values of Fibreboard, 1999-2000, because the Ahearn injunction limited settlements during 1996-1998.

Table 36: Comparison of Base Period Effects

Company	Outcome	1996-2000 P2Sue		1999-2000 P2Sue Short	
		1996-2000 $	1999-2000 $	1996-2000 $	1999-2000 $
OC	Filings	946,777	946,777	1,264,555	1,264,555
OC	Liability	$20.9	$20.0	$26.9	$25.6
OC	PV	$9.0	$8.5	$11.5	$10.9
Fibreboard	Filings	NA	1,025,823	NA	1,284,767
Fibreboard	Liability	NA	$14.9	NA	$18.5
Fibreboard	PV	NA	$6.4	NA	$7.9

Notes: Table shows alternative forecasts of the present value of liabilities for future claims in billions of year 2000 dollars. Future claims are assumed to settle 2 years after filing. Indemnity is inflation adjusted at 2.5% per year. Discount rate is 6%.

10.3.2.3. Propensity to Sue Results

These alternatives present a sensitivity test about what will happen with future propensities to sue. Because of the importance of assumptions about propensities to sue and their uncertainty, we chose to present the results for two alternatives throughout the report above, the Increasing model that best forecasts future claims and the No Increase models that does not present a likely forecast but is presented solely for illustration to show the number of future claims should the levels of OC and Fibreboard claiming levels be frozen at their rates before the bankruptcy. We include

forecasts using these and two additional alternatives in Table 37, Alternative 3 that increases propensities for cancers (like the preferred model) and assumes no increases for nonmalignancies and Alternative 4 that increases propensities for cancers (like the preferred model) and assumes decreases for nonmalignancies.

Table 37: Effect of Propensity to Sue Alternatives

Company	Outcome	Disease	No Inc	Increase	Alt3	Alt4
OC	Filings	Meso	25,206	33,856	33,856	33,856
OC	Filings	Lung	26,942	37,921	37,921	37,921
OC	Filings	Othc	8,926	14,796	14,796	14,796
OC	Filings	Nonm	551,626	860,204	782,008	713,014
OC	Filings	Total	612,700	946,777	868,581	799,587
OC	Liability	Meso	$7.0	$9.4	$9.4	$9.4
OC	Liability	Lung	1.6	2.2	2.2	2.2
OC	Liability	Othc	0.2	0.4	0.4	0.4
OC	Liability	Nonm	5.6	8.9	8.1	7.3
OC	Liability	Total	$14.4	$20.9	$20.1	$19.4
OC	PV	Meso	$2.9	$3.9	$3.9	$3.9
OC	PV	Lung	0.7	1.0	1.0	1.0
OC	PV	Othc	0.1	0.2	0.2	0.2
OC	PV	Nonm	2.5	3.9	3.5	3.2
OC	PV	Total	$6.3	$9.0	$8.6	$8.3
Fibreboard	Filings	Meso	27,568	37,033	37,033	37,033
Fibreboard	Filings	Lung	28,699	40,402	40,402	40,402
Fibreboard	Filings	Othc	9,152	15,167	15,167	15,167
Fibreboard	Filings	Nonm	599,341	933,221	848,368	773,506
Fibreboard	Filings	Total	664,760	1,025,823	940,970	866,108
Fibreboard	Liability	Meso	$5.3	$7.3	$7.3	$7.3
Fibreboard	Liability	Lung	1.1	1.6	1.6	1.6
Fibreboard	Liability	Othc	0.2	0.3	0.3	0.3
Fibreboard	Liability	Nonm	3.6	5.7	5.2	4.7
Fibreboard	Liability	Total	$10.3	$14.9	$14.4	$13.9
Fibreboard	PV	Meso	$2.3	$3.0	$3.0	$3.0
Fibreboard	PV	Lung	0.5	0.7	0.7	0.7
Fibreboard	PV	Othc	0.1	0.1	0.1	0.1
Fibreboard	PV	Nonm	1.6	2.5	2.3	2.1
Fibreboard	PV	Total	$4.5	$6.4	$6.1	$6.0

Notes: Table shows alternative forecasts of the number of future claims, nominal liabilities for future claims in billions of dollars of the year when paid and the present values of future claims in of liabilities for future claims in billions of year 2000 dollars. Indemnity is inflation adjusted at 2.5%. Discount rate is 6%. No_Inc=no increase; Increase=1990s increase for Manville and UNR, the most likely forecast; Alt3=1990s increase for cancers only; Alt4=1990s increase for cancers with a 10% drop in nonmalignants.

These alternatives show that the main effect is between no increase and increases in the cancer propensity to sue. Variations in the numbers of nonmalignant claims seems only to have minor

effects.

10.3.2.4. Changing Dollar Amount Results

Table 48 shows the effects of assuming that dollar amounts will change from 2001 to 2004, up or down depending on disease, based on generally observed changes in settlement averages paid by defendants over the recent three year periods with midpoints 1996 and 1999. These alternatives show that when we assume that OC's and Fibreboard's future resolution averages will continue to follow these recent trends total liability and PV estimates increase by about 20 to 25 percent.

Table 38: Effect of Assuming Increases in Values of Claims Above Inflation

Company	Outcome	Disease	$No Change	$Change
OC	Liability	Meso	$9.4	$14.3
OC	Liability	Lung	2.2	2.4
OC	Liability	Othc	0.4	0.4
OC	Liability	Nonm	8.9	8.5
OC	Liability	Total	$20.9	$25.6
OC	PV	Meso	$3.9	$5.8
OC	PV	Lung	1.0	1.1
OC	PV	Othc	0.2	0.2
OC	PV	Nonm	3.9	3.7
OC	PV	Total	$9.0	$10.8
Fibreboard	Liability	Meso	$7.3	$11.0
Fibreboard	Liability	Lung	1.6	1.8
Fibreboard	Liability	Othc	0.3	0.3
Fibreboard	Liability	Nonm	5.7	5.5
Fibreboard	Liability	Total	$14.9	$18.5
Fibreboard	PV	Meso	$3.0	$4.5
Fibreboard	PV	Lung	0.7	0.8
Fibreboard	PV	Othc	0.1	0.1
Fibreboard	PV	Nonm	2.5	2.4
Fibreboard	PV	Total	$6.4	$7.8

Notes: Table shows alternative forecasts of the nominal liabilities for future claims in billions of dollars of the year when paid and the present values of future claims in of liabilities for future claims in billions of year 2000 dollars. Indemnity is inflation adjusted at 2.5%. Discount rate is 6%. $Change model is based on 1990s increase for Manville and UNR settlements.

10.3.2.5. Tort Reform Results

The results in Table 39 estimate the value that we forecast, given the dollar values shown in Table 34, which reflect our assumption of average resolution amounts if national legislation were to be adopted that precluded compensation to nonmalignant claimants who do not meet medical standards. The base model results are take from tables in Sections 6 and 9. The national legislation models assume 60 percent of the nonmalignant claimants would not be paid, but that average payments to cancer claimants would increase. These changes reduce forecasted liabilities by about 5 percent for OC, 9 percent for Fibreboard.

Table 39: Forecast Indemnity for Future Claims after October 5, 2000

Company	Outcome	Variation	Disease				Total
			Meso	Lung	Othc	Nonm	
OC	Liability	Base Model	$9.4	$2.2	$0.4	$8.9	$20.9
OC	Liability	Natl Legis	10.3	2.4	0.4	7.0	20.1
OC	PV	Base Model	$3.9	$1.0	$0.2	$3.9	$9.0
OC	PV	Natl Legis	4.3	1.1	0.2	3.1	8.7
Fibreboard	Liability	Base Model	$7.3	$1.6	$0.3	$5.7	$14.9
Fibreboard	Liability	Natl Legis	8.0	1.8	0.3	3.5	13.6
Fibreboard	PV	Base Model	$3.0	$0.7	$0.1	$2.5	$6.4
Fibreboard	PV	Natl Legis	3.3	0.8	0.1	1.5	5.7

Notes: Table shows alternative forecasts of the nominal liabilities for future claims in billions of dollars of the year when paid and the present values of future claims in of liabilities for future claims in billions of year 2000 dollars. Indemnity is inflation adjusted at 2.5%. Discount rate is 6%.

10.3.2.6. Liability That Would Result from Aggressive Litigation

The final sensitivity analysis considered how much OC would have to pay were it to reject its settlement strategy and resort solely to litigation, aggressively pursuing pretrial dismissals of law suits and then trying those law suits that survived its motions to dismiss. This strategy has sometimes been asserted by debtors or creditor groups in bankruptcies of asbestos manufacturers. Credit Suisse asserts a version of this strategy in this case by arguing the the court should mandate extensive discovery for a sample of claims followed by litigation about medical issues in those cases with its hope that many claims would be dismissed. Whatever the success in eliminating some asbestos claims, the strategy proposed by Credit Suisse and similar proposals in other bankruptcies would still require valuation of claims that survived aggressive pretrial litigation over the qualification of claims. Historic settlement values could not be used to value these surviving claims, both because claims that survive aggressive pretrial litigation will be stronger than average settled claims and also because these surviving claims will have answered all liability challenges in contrast to settled claims where issues of liability were uncertain and compromised. The surviving claims could only be valued through trials of damages issues or else estimated by looking to values that have been placed historically on claims that have prevailed in litigation about liability, i.e. the amounts of past verdicts.

To understand how pursuit of an aggressive litigation strategy would effect estimation of OC and Fibreboard asbestos bodily injury claims, I estimated how much OC might have to pay pending asbestos claimants as the result of employing such a strategy. I made the exceptionally conservative assumption that OC could eliminate 90 percent of its pending claims through aggressive challenges to the medical conditions and great success in its legal challenges. I have no reason to expect such success extraordinary success under an aggressive litigation strategy, but use the 90 percent rate to illustrate what would be an exceptionally good outcome of OC under the strategy. This would still leave OC with 18,084 pending asbestos claims that now have legally verified injuries and liability, claims that are analogous to plaintiffs who won the first stage of a bifurcated trial with the amount of damages being the only remaining issue.

To determine values of such claims we looked to OC's actual trial history. The average verdict received by the 1,373 plaintiffs against OC in trials since 1988 is $544,607 in year 2000 dollars

(an average of $1,100,887 among cancer claims and $272,465 among nonmalignancy claims). But to provide an even more conservative analysis, we used OC's $297,842 average verdict over all 2,397 plaintiffs in trials with verdicts, both verdicts won by OC and those won by the plaintiff (an average of $688,654 among cancer claims and $140,375 among nonmalignancy claims). This results in an estimated liability of $5.4 billion in year 2000 dollars (18,084 x $297,842 = $5,386,174,728).

Even if the OC could be successful in eliminating 94.3 percent of all of its pending claims (assumed 90 percent pretrial plus another 4.3 percent based on OC's historic percent of trials with verdicts of OC) through aggressive litigation like that proposed by Credit Suisse it would face liability of $5.4 billion simply for claims that were pending against OC at the time of its bankruptcy petition. Under these conservative assumptions OC's liability would increase 2.5 times over its liability based on the practices it actually used to resolve asbestos claims prior to the bankruptcy. We forecast that OC faces a $2.4 billion liability to pending claims based on its historic practices (Table 15). An aggressive litigation posture would add almost $3 billion more.

11. Rule 26 Disclosures and Signature

DATA CONSIDERED: In reaching the opinions and conclusions set forth in this Report, I have considered the following information: my background, training, experience and knowledge of the asbestos litigation developed over the past 20 years, the items of data explicitly identified in the report, the reports, articles and documents specifically identified in the report, publicly available sources of information concerning inflation rates, publicly available documents about Owens Corning and Fibreboard, various settlement agreements between Owens Corning and law firms representing asbestos plaintiffs, various settlement agreements between Fibreboard and law firms representing asbestos plaintiffs, the materials stored on the eight cdroms produced to the parties in connection with this report, discount rates provided to me by Loreto Tersigni, CPA, and a summary table prepared by counsel for Owens Corning showing the calculations of annual indemnity and defense/administrative costs.

EXHIBITS: The exhibits which summarize my opinions are included in the graphics and tables in the report and in the appendices to the report.

QUALIFICATIONS: My qualifications to perform this analysis and provide expert testimony are set forth in my C.V., a copy of which is attached as Exhibit 1.

PUBLICATIONS: Any publications I have authored within the past ten years are set forth in my C.V.

COMPENSATION: My compensation for services rendered in this case is set forth in the fee applications Legal Analysis Systems files on a regular basis with the Bankruptcy Court. At present, my hourly rate is $600.

PRIOR TESTIMONY: A listing of all cases in which I have testified as an expert at either trial or deposition within the past four years is attached as Exhibit 2.

I reserve the right to modify this report as new information becomes available between now and the time of trial. I anticipate that I will review the expert witness reports of opposing expert(s) and offer my opinions about their analyses and conclusions in rebuttal testimony.

/s/ Mark A. Peterson

Mark A. Peterson, J.D., Ph.D.
LEGAL ANALYSIS SYSTEMS

Appendix A - OC and Fibreboard Defense Costs

By its bankruptcy petition date, OC and its insurers had spent $5.1 billion on indemnity defense of asbestos bodily injury claims (nominal). Over all years of its asbestos litigation, costs to administer and defend these claims amounted to $28 dollars for every $100 spent on indemnity. OC became more efficient as it shifted from a strategy of aggressive litigation to a strategy of large block settlements. Table A1 lists OC's total costs for indemnity and defense for the last five years preceding its bankruptcy. During this period OC's defense costs fell to 13.9 percent of its indemnity costs.

Table A1: Annual Indemnity and Defense Costs
(Millions of Year 2000$)

Year	Total Indemnity	Total Defense
1996	$234.013	$52.932
1997	259.499	56.771
1998	385.631	82.760
1999	797.557	86.935
2000	631.254	41.443
Total	$2,307.954	$320.841

To forecast future defense costs for OC and Fibreboard, we assume that this ratio will continue. We forecast defense costs by multiplying our forecasts of indemnity costs of present and future claims for each company by .139. Table A2 shows both our forecasts of total indemnity costs for each company and our forecasts of defense costs.

Table A2: Forecasts of OC and Fibreboard Defense Costs
(Billions of Year 2000$)

Outcome	OC		Fibreboard	
	Indemnity	Defense	Indemnity	Defense
Nominal	$23.3	$3.24	$16.2	$2.25
Present Value	11.1	1.54	7.5	1.04

Appendix B - Year by Disease Projections

This appendix provides the year by disease projections of Nicholson and KPMG (cancer incidences) and LAS (OC and Fibreboard filings as of October 5, 2000).

Table B1: Nicholson Epidemiological Projections

Death Year	Disease Meso	Disease Lung	Disease Othc	Total Cancers	Death Year	Disease Meso	Disease Lung	Disease Othc	Total Cancers
1970	1,010	2,909	963	4,882	2005	3,023	4,230	1,143	8,396
1971	1,046	3,098	998	5,142	2006	3,011	4,075	1,099	8,185
1972	1,082	3,286	1,034	5,402	2007	2,999	3,921	1,055	7,975
1973	1,151	3,502	1,065	5,718	2008	2,931	3,734	1,006	7,672
1974	1,219	3,719	1,096	6,034	2009	2,864	3,547	958	7,369
1975	1,288	3,935	1,128	6,351	2010	2,796	3,361	909	7,066
1976	1,356	4,152	1,159	6,667	2011	2,729	3,174	861	6,763
1977	1,425	4,368	1,190	6,983	2012	2,661	2,987	812	6,460
1978	1,495	4,505	1,227	7,228	2013	2,545	2,811	762	6,119
1979	1,565	4,643	1,264	7,472	2014	2,429	2,635	713	5,778
1980	1,635	4,780	1,302	7,717	2015	2,314	2,460	663	5,436
1981	1,705	4,918	1,339	7,961	2016	2,198	2,284	614	5,095
1982	1,775	5,055	1,376	8,206	2017	2,082	2,108	564	4,754
1983	1,900	5,138	1,400	8,438	2018	1,965	1,937	519	4,421
1984	2,024	5,222	1,424	8,670	2019	1,847	1,766	474	4,088
1985	2,149	5,305	1,447	8,901	2020	1,730	1,596	430	3,755
1986	2,273	5,389	1,471	9,133	2021	1,612	1,425	385	3,422
1987	2,398	5,472	1,495	9,365	2022	1,495	1,254	340	3,089
1988	2,468	5,477	1,495	9,440	2023	1,379	1,132	307	2,819
1989	2,538	5,482	1,495	9,515	2024	1,264	1,011	274	2,549
1990	2,608	5,487	1,494	9,589	2025	1,148	889	242	2,279
1991	2,678	5,492	1,494	9,664	2026	1,033	768	209	2,009
1992	2,748	5,497	1,494	9,739	2027	917	646	176	1,739
1993	2,792	5,449	1,480	9,722	2028	827	575	157	1,558
1994	2,836	5,402	1,466	9,705	2029	740	508	138	1,386
1995	2,881	5,354	1,453	9,687	2030	657	446	122	1,225
1996	2,925	5,307	1,439	9,670	2031	579	388	105	1,072
1997	2,969	5,259	1,425	9,653	2032	507	336	92	935
1998	2,987	5,146	1,395	9,528	2033	443	316	79	837
1999	3,005	5,033	1,365	9,403	2034	383	246	67	696
2000	3,024	4,919	1,334	9,277	2035	332	208	57	596
2001	3,042	4,806	1,304	9,152	2036	282	174	47	503
2002	3,060	4,693	1,274	9,027	2037	240	144	38	423
2003	3,048	4,539	1,230	8,817	2038	201	117	32	351
2004	3,036	4,384	1,186	8,606	2039	169	94	26	290

Note: Nicholson's projections run through 2030. LAS extended those to 2039 using the year by disease rates of decline derived from the KPMG projections, below.

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Table B2: KPMG Epidemiological Projections

Death Year	Meso	Disease Lung	Othc	Total Cancers	Death Year	Meso	Disease Lung	Othc	Total Cancers
1970	861	3,234	1,196	5,291	2005	2,347	3,638	990	6,975
1971	931	3,592	1,130	5,653	2006	2,294	3,474	945	6,713
1972	1,003	3,721	1,171	5,895	2007	2,234	3,311	900	6,445
1973	1,079	3,846	1,211	6,136	2008	2,173	3,149	857	6,179
1974	1,157	3,974	1,251	6,382	2009	2,105	2,989	813	5,907
1975	1,237	4,147	1,305	6,689	2010	2,034	2,831	769	5,634
1976	1,308	4,278	1,165	6,751	2011	1,960	2,674	728	5,362
1977	1,386	4,428	1,204	7,018	2012	1,880	2,520	686	5,086
1978	1,465	4,577	1,246	7,288	2013	1,798	2,371	644	4,813
1979	1,545	4,728	1,287	7,560	2014	1,713	2,224	604	4,541
1980	1,628	4,897	1,333	7,858	2015	1,627	2,083	566	4,276
1981	1,708	5,042	1,371	8,121	2016	1,538	1,942	528	4,008
1982	1,789	5,158	1,403	8,350	2017	1,447	1,808	492	3,747
1983	1,869	5,261	1,432	8,562	2018	1,357	1,677	457	3,491
1984	1,949	5,338	1,452	8,739	2019	1,269	1,553	422	3,244
1985	2,030	5,401	1,469	8,900	2020	1,180	1,434	390	3,004
1986	2,102	5,431	1,478	9,011	2021	1,094	1,317	358	2,769
1987	2,173	5,441	1,480	9,094	2022	1,009	1,206	328	2,543
1988	2,242	5,441	1,480	9,163	2023	928	1,101	300	2,329
1989	2,306	5,433	1,478	9,217	2024	850	998	272	2,120
1990	2,367	5,410	1,472	9,249	2025	775	902	245	1,922
1991	2,418	5,362	1,458	9,238	2026	703	811	221	1,735
1992	2,459	5,293	1,440	9,192	2027	634	724	197	1,555
1993	2,493	5,218	1,420	9,131	2028	571	643	·175	1,389
1994	2,521	5,135	1,397	9,053	2029	510	567	154	1,231
1995	2,538	5,037	1,370	8,945	2030	452	497	136	1,085
1996	2,546	4,928	1,341	8,815	2031	398	431	117	946
1997	2,547	4,807	1,307	8,661	2032	348	373	101	822
1998	2,543	4,682	1,273	8,498	2033	303	346	87	736
1999	2,534	4,550	1,238	8,322	2034	262	271	74	607
2000	2,522	4,414	1,201	8,137	2035	226	228	62	516
2001	2,497	4,265	1,159	7,921	2036	192	190	51	433
2002	2,469	4,110	1,117	7,696	2037	163	157	42	362
2003	2,433	3,955	1,076	7,464	2038	136	127	35	298
2004	2,393	3,798	1,033	7,224	2039	114	102	28	244

Table B3: OC Forecasts as of October 5, 2000,
Increasing Propensities to Sue

| Filing Year | OC | | | | | Fibreboard | | | | |
	Meso	Lung	Othc	Nonm	Total	Meso	Lung	Othc	Nonm	Total
[2000]	285	423	141	7,657	8,505	311	450	144	8,296	9,202
2001	1,138	1,690	562	30,629	34,020	1,245	1,801	576	33,186	36,807
2002	1,259	1,844	655	34,903	38,661	1,377	1,965	671	37,804	41,817
2003	1,366	1,978	737	38,945	43,026	1,494	2,107	755	42,172	46,528
2004	1,472	2,099	811	42,941	47,323	1,610	2,236	831	46,492	51,169
2005	1,577	2,206	878	46,874	51,535	1,725	2,350	900	50,747	55,722
2006	1,570	2,126	844	45,661	50,201	1,718	2,265	866	49,449	54,298
2007	1,564	2,045	811	44,449	48,869	1,711	2,179	831	48,151	52,872
2008	1,529	1,948	773	42,739	46,989	1,672	2,075	793	46,308	50,848
2009	1,494	1,850	736	41,029	45,109	1,634	1,971	755	44,466	48,826
2010	1,458	1,753	699	39,319	43,229	1,595	1,867	716	42,623	46,801
2011	1,423	1,655	661	37,609	41,348	1,556	1,764	678	40,780	44,778
2012	1,388	1,558	624	35,899	39,469	1,518	1,660	640	38,938	42,756
2013	1,327	1,466	586	33,987	37,366	1,452	1,562	601	36,869	40,484
2014	1,267	1,375	548	32,074	35,264	1,386	1,464	562	34,800	38,212
2015	1,207	1,283	510	30,161	33,161	1,320	1,367	522	32,732	35,941
2016	1,146	1,191	471	28,248	31,056	1,254	1,269	483	30,663	33,669
2017	1,086	1,099	433	26,335	28,953	1,188	1,171	444	28,594	31,397
2018	1,025	1,010	399	24,478	26,912	1,121	1,076	409	26,583	29,189
2019	963	921	365	22,620	24,869	1,054	982	374	24,572	26,982
2020	902	832	330	20,762	22,826	987	887	338	22,561	24,773
2021	841	743	296	18,904	20,784	920	792	303	20,549	22,564
2022	780	654	261	17,046	18,741	853	697	268	18,538	20,356
2023	719	591	236	15,549	17,095	787	629	242	16,913	18,571
2024	659	527	211	14,051	15,448	721	562	216	15,287	16,786
2025	599	464	186	12,553	13,802	655	494	190	13,662	15,001
2026	539	400	160	11,056	12,155	589	427	164	12,037	13,217
2027	478	337	135	9,558	10,508	523	359	139	10,411	11,432
2028	431	300	120	8,563	9,414	472	319	123	9,329	10,243
2029	386	265	106	7,609	8,366	422	282	108	8,290	9,102
2030	343	233	94	6,729	7,399	375	248	96	7,332	8,051
2031	302	202	81	5,884	6,469	330	215	83	6,412	7,040
2032	264	175	70	5,132	5,641	289	187	72	5,593	6,141
2033	231	165	60	4,588	5,044	252	176	62	4,999	5,489
2034	200	128	52	3,820	4,200	219	137	53	4,164	4,573
2035	173	109	43	3,268	3,593	189	116	45	3,564	3,914
2036	147	91	36	2,753	3,027	161	97	37	3,003	3,298
2037	125	75	30	2,315	2,545	137	80	30	2,525	2,772
2038	105	61	25	1,922	2,113	115	65	26	2,097	2,303
2039	88	49	20	1,585	1,742	96	52	21	1,730	1,899
Total	33,856	37,921	14,796	860,204	946,777	37,033	40,402	15,167	933,221	1,025,823

Note: The entries for 2000 are for 1/4 of a year.

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Table B4: OC Forecasts as of October 5, 2000,
No Increase in Propensities to Sue

Filing Year	OC					Fibreboard				
	Meso	Lung	Othc	Nonm	Total	Meso	Lung	Othc	Nonm	Total
[2000]	285	423	141	7,657	8,505	311	450	144	8,296	9,202
2001	1,138	1,690	562	30,629	34,020	1,245	1,801	576	33,186	36,807
2002	1,147	1,643	547	30,132	33,469	1,254	1,750	560	32,657	36,221
2003	1,142	1,589	528	29,433	32,692	1,249	1,693	541	31,907	35,390
2004	1,137	1,535	509	28,734	31,915	1,244	1,635	522	31,158	34,559
2005	1,133	1,481	490	28,035	31,139	1,239	1,577	503	30,408	33,727
2006	1,128	1,427	471	27,335	30,361	1,234	1,520	483	29,658	32,895
2007	1,124	1,373	453	26,636	29,586	1,229	1,462	464	28,908	32,063
2008	1,098	1,307	432	25,628	28,465	1,201	1,393	443	27,820	30,857
2009	1,073	1,242	411	24,621	27,347	1,174	1,323	421	26,732	29,650
2010	1,048	1,176	390	23,613	26,227	1,146	1,253	400	25,644	28,443
2011	1,022	1,111	369	22,605	25,107	1,118	1,184	379	24,556	27,237
2012	997	1,046	348	21,597	23,988	1,090	1,114	357	23,468	26,029
2013	954	984	327	20,457	22,722	1,043	1,048	335	22,233	24,659
2014	910	923	306	19,317	21,456	996	983	314	20,998	23,291
2015	867	861	285	18,177	20,190	948	917	292	19,763	21,920
2016	823	799	263	17,037	18,922	901	852	270	18,527	20,550
2017	780	738	242	15,897	17,657	853	786	248	17,292	19,179
2018	736	678	223	14,786	16,423	805	722	228	16,087	17,842
2019	692	618	204	13,675	15,189	757	659	209	14,882	16,507
2020	648	559	184	12,564	13,955	709	595	189	13,677	15,170
2021	604	499	165	11,453	12,721	661	531	169	12,472	13,833
2022	560	439	146	10,342	11,487	613	468	150	11,268	12,499
2023	517	396	132	9,440	10,485	565	422	135	10,286	11,408
2024	474	354	118	8,537	9,483	518	377	121	9,304	10,320
2025	430	311	104	7,634	8,479	471	332	106	8,323	9,232
2026	387	269	90	6,731	7,477	423	286	92	7,341	8,142
2027	344	226	76	5,828	6,474	376	241	77	6,359	7,053
2028	310	201	67	5,224	5,802	339	214	69	5,700	6,322
2029	277	178	59	4,644	5,158	303	189	61	5,068	5,621
2030	246	156	52	4,107	4,561	269	166	54	4,483	4,972
2031	217	136	45	3,593	3,991	237	145	46	3,923	4,351
2032	190	118	39	3,135	3,482	208	125	40	3,422	3,795
2033	166	111	34	2,802	3,113	181	118	35	3,059	3,393
2034	144	86	29	2,335	2,594	157	92	30	2,550	2,829
2035	124	73	24	2,000	2,221	136	78	25	2,184	2,423
2036	106	61	20	1,686	1,873	116	65	21	1,842	2,044
2037	90	51	16	1,419	1,576	98	54	17	1,550	1,719
2038	75	41	14	1,178	1,308	82	44	14	1,287	1,427
2039	63	33	11	973	1,080	69	35	12	1,063	1,179
Total	25,206	26,942	8,926	551,626	612,700	27,568	28,699	9,152	599,341	664,760

Note: The entries for 2000 are for 1/4 of a year.

Table B5: Fibreboard Forecasts as of October 5, 2000,
Increasing Propensities to Sue

Filing Year	OC				Total	Fibreboard				Total
	Meso	Lung	Othc	Nonm		Meso	Lung	Othc	Nonm	
[2000]	275	412	137	7,444	8,268	301	439	140	8,065	8,945
2001	1,100	1,649	547	29,776	33,072	1,203	1,757	562	32,260	35,782
2002	1,201	1,789	634	33,665	37,289	1,314	1,906	650	36,459	40,329
2003	1,298	1,925	716	37,599	41,538	1,419	2,051	734	40,706	44,910
2004	1,389	2,044	789	41,377	45,599	1,519	2,178	809	44,788	49,294
2005	1,472	2,145	853	44,959	49,429	1,610	2,286	875	48,658	53,429
2006	1,439	2,049	815	43,262	47,565	1,573	2,183	835	46,831	51,422
2007	1,401	1,953	776	41,527	45,657	1,532	2,080	795	44,961	49,368
2008	1,363	1,857	739	39,809	43,768	1,490	1,978	757	43,108	47,333
2009	1,320	1,763	701	38,050	41,834	1,444	1,878	719	41,210	45,251
2010	1,276	1,669	663	36,283	39,891	1,395	1,779	680	39,305	43,159
2011	1,229	1,577	628	34,530	37,964	1,344	1,680	643	37,411	41,078
2012	1,179	1,486	591	32,748	36,004	1,289	1,583	606	35,486	38,964
2013	1,128	1,398	555	30,983	34,064	1,233	1,490	569	33,579	36,871
2014	1,074	1,312	521	29,229	32,136	1,175	1,397	534	31,681	34,787
2015	1,020	1,228	488	27,521	30,257	1,116	1,309	500	29,834	32,759
2016	964	1,145	455	25,794	28,358	1,055	1,220	467	27,965	30,707
2017	907	1,066	424	24,113	26,510	992	1,136	435	26,145	28,708
2018	851	989	394	22,465	24,699	931	1,054	404	24,360	26,749
2019	796	916	364	20,872	22,948	870	976	373	22,634	24,853
2020	740	846	336	19,327	21,249	809	901	345	20,961	23,016
2021	686	777	309	17,813	19,585	750	827	316	19,321	21,214
2022	633	711	283	16,359	17,986	692	758	290	17,744	19,484
2023	582	649	259	14,983	16,473	636	692	265	16,252	17,845
2024	533	589	234	13,637	14,993	583	627	240	14,794	16,244
2025	486	532	211	12,361	13,590	532	567	217	13,411	14,727
2026	441	478	191	11,159	12,269	482	510	195	12,108	13,295
2027	398	427	170	10,000	10,995	435	455	174	10,851	11,915
2028	358	379	151	8,931	9,819	392	404	155	9,693	10,644
2029	320	334	133	7,914	8,701	350	356	136	8,590	9,432
2030	283	293	117	6,977	7,670	310	312	120	7,573	8,315
2031	250	254	101	6,080	6,685	273	271	103	6,601	7,248
2032	218	220	87	5,282	5,807	239	234	89	5,735	6,297
2033	190	204	75	4,717	5,186	208	217	77	5,121	5,623
2034	164	160	64	3,901	4,289	180	170	65	4,237	4,652
2035	142	134	53	3,315	3,644	155	143	55	3,601	3,954
2036	120	112	44	2,780	3,056	132	119	45	3,021	3,317
2037	102	93	36	2,323	2,554	112	99	37	2,525	2,773
2038	85	75	30	1,914	2,104	93	80	31	2,081	2,285
2039	71	60	24	1,567	1,722	78	64	25	1,704	1,871
Total	29,484	37,699	14,698	813,346	895,227	32,246	40,166	15,067	881,370	968,849

Note: The entries for 2000 are for 1/4 of a year.

Table B6: Fibreboard Forecasts as of October 5, 2000,
No Increase in Propensities to Sue

| Filing Year | OC | | | | | Fibreboard | | | | |
	Meso	Lung	Othc	Nonm	Total	Meso	Lung	Othc	Nonm	Total
[2000]	275	412	137	7,444	8,268	301	439	140	8,065	8,945
2001	1,100	1,649	547	29,776	33,072	1,203	1,757	562	32,260	35,782
2002	1,086	1,578	524	28,791	31,979	1,187	1,681	537	31,200	34,605
2003	1,070	1,518	505	27,937	31,030	1,170	1,618	517	30,280	33,585
2004	1,052	1,458	484	27,051	30,045	1,151	1,554	497	29,326	32,528
2005	1,032	1,397	464	26,132	29,025	1,129	1,488	476	28,334	31,427
2006	1,009	1,334	443	25,162	27,948	1,103	1,421	454	27,288	30,266
2007	982	1,271	422	24,167	26,842	1,074	1,354	433	26,215	29,076
2008	955	1,209	402	23,181	25,747	1,045	1,288	412	25,150	27,895
2009	926	1,148	381	22,170	24,625	1,012	1,223	391	24,056	26,682
2010	894	1,087	361	21,154	23,496	978	1,158	370	22,958	25,464
2011	862	1,027	341	20,142	22,372	943	1,094	350	21,863	24,250
2012	827	967	322	19,112	21,228	904	1,031	330	20,748	23,013
2013	791	910	302	18,092	20,095	865	970	310	19,644	21,789
2014	753	854	283	17,075	18,965	824	910	290	18,542	20,566
2015	715	800	265	16,083	17,863	782	852	272	17,467	19,373
2016	676	746	248	15,080	16,750	740	794	254	16,379	18,167
2017	636	694	231	14,101	15,662	696	740	237	15,318	16,991
2018	597	644	214	13,141	14,596	653	686	220	14,276	15,835
2019	558	596	198	12,213	13,565	610	635	203	13,270	14,718
2020	519	551	183	11,312	12,565	567	587	188	12,291	13,633
2021	481	506	168	10,429	11,584	526	539	172	11,332	12,569
2022	444	463	154	9,579	10,640	485	493	158	10,410	11,546
2023	408	423	141	8,775	9,747	446	450	144	9,536	10,576
2024	374	383	128	7,989	8,874	409	408	131	8,683	9,631
2025	341	346	115	7,244	8,046	373	369	118	7,874	8,734
2026	309	311	104	6,541	7,265	338	332	106	7,110	7,886
2027	279	278	92	5,863	6,512	305	296	95	6,374	7,070
2028	251	247	82	5,239	5,819	275	263	84	5,696	6,318
2029	224	218	72	4,644	5,158	245	232	74	5,050	5,601
2030	199	191	64	4,095	4,549	217	203	65	4,453	4,938
2031	175	165	55	3,571	3,966	191	176	56	3,884	4,307
2032	153	143	47	3,104	3,447	167	153	49	3,376	3,745
2033	133	133	41	2,772	3,079	146	142	42	3,015	3,345
2034	115	104	35	2,294	2,548	126	111	36	2,496	2,769
2035	99	88	29	1,951	2,167	109	93	30	2,123	2,355
2036	84	73	24	1,637	1,818	92	78	25	1,783	1,978
2037	72	60	20	1,370	1,522	78	64	20	1,491	1,653
2038	60	49	16	1,129	1,254	65	52	17	1,229	1,363
2039	50	39	13	925	1,027	55	42	13	1,008	1,118
Total	21,566	26,070	8,657	508,467	564,760	23,585	27,776	8,878	551,853	612,092

Note: The entries for 2000 are for 1/4 of a year.